

R884. Tax Commission, Property Tax.

R884-24P. Property Tax.

R884-24P-69. Airline Interstate Allocation Formula Pursuant to Utah Code Ann.

Section 59-2-201.

(1) Definitions.

(a) "Air carrier" means the following entities defined in Section 59-2-102 that do business in the state:

- (i) an air charter service;
- (ii) an air contract service; and
- (iii) an airline.

(b) "Aircraft type" means the manufacturer and model of the aircraft.

(c) "Ground hours" means the total number of hours an aircraft owned or operated by the air carrier is on the ground during the calendar year.

(d) "Ground property" means all taxable tangible property owned or operated by the air carrier, other than mobile flight equipment.

(e)(i) "Originating and terminating tonnage" means the total weight of passengers and cargo loaded on and unloaded from paid flights at each site where passengers and cargo from paid flights are loaded and unloaded.

(ii) For purposes of Subsection (1)(e)(i), the weight of passengers is deemed to be 200 pounds per person, including any items checked in or carried on the aircraft by the passenger.

(f)(i) "Revenue ton miles" means the total weight of passengers and cargo in tons flown on paid flights during the calendar year, multiplied by the air miles flown on paid flights during the calendar year.

(ii) For purposes of Subsection (1)(f)(i), the weight of passengers is deemed to be 200 pounds per person, including any items checked in or carried on the aircraft by the passenger.

(2) Mobile flight equipment allocation factor. The mobile flight equipment allocation factor for an air carrier is calculated by adding the weighted factors calculated in Subsections (2)(a) through (c).

(a) Ground hours.

(i) For each aircraft type, divide the average fair market value of that aircraft type by the average fair market value of the least valuable aircraft type owned or operated by the air carrier.

(ii) For each aircraft type, multiply the percentage calculated under Subsection (2)(a)(i) by the ground hours for that aircraft type:

- (A) within the state; and
- (B) within and without the state.

(iii) Divide the sum of the ground hours calculated in Subsection (2)(a)(ii)(A) by the sum of the ground hours calculated in Subsection (2)(a)(ii)(B).

(iv) The percentage calculated under this Subsection (2)(a) shall be weighted 40 percent.

(b) Revenue ton miles.

(i) Divide the revenue ton miles flown by the air carrier's aircraft within the state by the total revenue ton miles flown by the air carrier's aircraft.

(ii) For purposes of Subsection (2)(b)(i), the numerator of the fraction described in Subsection (2)(b)(i) shall include the revenue ton miles flown within the state by every flight included in the denominator of that fraction.

(iii) The percentage calculated under this Subsection (2)(b) shall be weighted 40 percent.

(c) Originating and terminating tonnage.

(i) Divide the total originating and terminating tonnage of the air carrier's aircraft in the state by the total originating and terminating tonnage of the air carrier's aircraft.

(ii) An entity that has a total originating and terminating tonnage of the air carrier's aircraft within the state of zero:

(A) is not an air carrier; and

(B) shall be assessed a tax on its taxable property under Section 59-2-301.

(iii) The percentage calculated under this Subsection (2)(c) shall be weighted 20 percent.

(3) Ground property allocation factor. The ground property allocation factor for an air carrier is calculated by dividing the book cost of the air carrier's ground property that has situs in the state by the book cost of the air carrier's ground property within and without the state.

(4) Overall Utah interstate allocation factor. The overall Utah interstate allocation factor is the sum of:

(a)(i) the total cost of the air carrier's mobile flight equipment divided by the total cost of the air carrier's combined mobile flight equipment and ground property; and

(ii) multiplied by the amount calculated under Subsection (2); and

(b)(i) the total cost of the air carrier's ground property divided by the total cost of the air carrier's combined mobile flight equipment and ground property; and

(ii) multiplied by the amount calculated under Subsection (3).

(5) The fair market value of all taxable tangible property owned or operated by the air carrier shall be multiplied by the overall Utah interstate allocation factor calculated under Subsection (4) to determine the Utah assessed value of the air carrier.

(6)(a) If any air carrier data necessary to calculate the Utah interstate allocation factor under Subsections (2)(a) through (c) is unavailable, the Property Tax Division shall recalculate the allocation according to the weighted percentages of the remaining factors, as set forth in Subsection (6)(b).

(b) The weighted percentages for each remaining factor provided under Subsection (2) shall be calculated by dividing the original percentage of each remaining factor by the total of the original percentages for the remaining factors.

KEY: taxation, personal property, property tax, appraisal